August 04, 2026

API Ispat and Powertech Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund-based term loan	0.00	26.00	[ICRA]AA- (Stable); assigned	RBI
Long term – Fund-based working capital limits	65.50	134.50	[ICRA]AA- (Stable); reaffirmed and assigned for enhanced limit	RBI
Short term – Non-fund based limits	95.00	125.00	[ICRA]A1+; reaffirmed and assigned for enhanced limit	RBI
Long term / Short term – Unallocated Limit	0.50	0.50	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed	RBI
Total	**161.00**	**286.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Real Ispat & Power Limited (RIPL) along with three other Group companies -API Ispat and Powertech Private Limited (API; rated at [ICRA]AA- (Stable)/[ICRA]A1+), Shivalay Ispat and Power Private Limited (SIPPL) and Real Ispat and Energy Private Limited (RIEPL; rated at [ICRA]AA- (Stable)/[ICRA]A1+) – given the managerial, operational and financial linkages among these Group companies.

The ratings reaffirmation continues to consider the long track record of the Real Group in the steel business as well as the Group's integrated nature of operations with operational linkages among the Group companies. Besides, the presence of captive power plants (CPPs) positively impacts the cost structure. ICRA notes the proximity of the Group's plants to iron ore and coal mines, which renders raw material security. The ratings also draw comfort from the Group's healthy financial profile, reflected in its significant cash accruals, a robust capital structure and strong debt coverage indicators on a consolidated basis. Average steel realisations slightly moderated in FY2026. However, operating profit was higher due to the commissioning of key facilities in RIEPL and moderation in raw material prices. The consolidated OPBITDA is estimated at more than Rs. 400 crore vis-à-vis ~Rs. 338 crores in FY2025. The leverage and coverage indicators are also estimated to remain healthy, with TD/OPBIDTA of 1.3 times and interest coverage of 10.7 times in FY2026.

In FY2027, the Group's sales volumes are expected to remain healthy on the back of steady demand anticipated from the end-user industries. However, after the sharp improvement witnessed in sales realisations during Q4 FY2026 and April 2026, steel prices moderated from mid-May 2026 onwards, which may exert some pressure on realisations going forward. As a result, the movement in steel prices in the second half of the current fiscal would be crucial in determining the overall margins of the Group in FY2027. The operating margin is expected to be around 10% in FY2027, leading to healthy accruals and debt coverage indicators for the Group.

Apart from that, the capital expenditure (capex) at RIEPL to enhance backward integration and fully integrate the Group's operations, is completed, which is expected to improve the cost structure going forward. So far, RIEPL has commissioned a direct reduced iron (DRI) plant of 2,00,000 tpa and a 20-MW waste heat recovery (WHR) CPP in March 2024 and an 8,00,000-tpa pellet plant in January 2026. The balance capex on DRI and CPP was completed in January 2026, which after ramp-up is likely to strengthen the operating profile of the Group. The entire project in RIEPL has the potential to generate annual savings of Rs. 150 crore on a steady-state basis at the Group level by reducing its dependence on externally sourced pellets, iron ore lumps as well as power.

ICRA also notes that the Group has set up a 50 MW renewable power capacity in API at a capital cost of ~Rs. 170 crore, which is expected to further reduce the Group's power costs. Additionally, the group has plans to set up a 100 MW solar power plant in RIPL with a planned capital cost of ~Rs 325 crores. ICRA also notes that the investment in group entities unrelated to steel business has increased to ~Rs 306 crore as on 31 March, 2025. Any further large investment in those ventures impacting the liquidity position of the Group would remain a key rating monitorable. Further, the ratings will continue to be constrained by the Group's exposure to the cyclicality inherent in the steel industry, the competitive nature as well as the price and supply risks associated with key raw materials. ICRA expects incremental cost savings and the increased scale of operations from its newly commissioned facilities to keep the Group's consolidated cash flows strong relative to its debt-servicing obligations.

Key rating drivers and their description

Credit strengths

Long track record of the Group in steel business – The Real Group has an experience of more than two decades in the steel manufacturing business. Its finished goods brands (GK TMT rebar and real wires) have an established market presence and acceptability among large institutional clients as well as retail consumers. The Group's scale of operations has grown consistently over the past few years through inorganic and brownfield expansion. It acquired API in FY2015 and subsequently added significant capacities in RIPL as well as API, which strengthened the Group's market presence.

Integrated nature of operations with operational linkages among Group companies; greenfield capex in RIEPL to further enhance backward integration - The Group primarily sells TMT bars, wire rods and wires, which are relatively value-added products. The intermediate products (sponge iron and billets) are mainly consumed internally within the Group. The Group's steel-melting operation is highly power-intensive. However, the power generated from the CPPs at a cheap rate meets a significant portion of the Group's total power requirement, reducing the overall production cost. The Group companies source intermediate raw materials and power from each other. The vertical integration in operation and the operational linkages among the Group companies positively impact the Group's overall cost structure. The recently completed greenfield capex at RIEPL would enhance the backward integration in the Group's operations. This is likely to positively affect the Group's consolidated profitability after successful stabilisation of the key project facilities.

Proximity to domestic raw material sources and bulk import of coal enhance raw material security – The steel manufacturing facilities of the Group are in proximity to the sources of key raw materials, iron ore and non-coking coal, leading to relatively lower landed cost and raw material security. The Group procures iron ore mainly from the National Mineral Development Corporation (NMDC) and procures a portion of coal from South-Eastern Coalfields Limited (SECL) through linkages. In addition to the procurement of coal through auctions from nearby mines, the centralised import of higher quality coal in bulk volumes through ASPL mitigates the coal availability risks. The Group's dependence on the external purchase of the intermediate raw materials like iron ore pellets, sponge iron and ferro alloys will reduce significantly after the commissioning of all the facilities in the ongoing greenfield capex in RIEPL and will further improve the integrated nature of the operations.

Robust financial profile of the Real Group - The Group's financial risk profile remained healthy, as reflected in its significant cash accruals, a comfortable capital structure and strong debt coverage indicators on a consolidated basis. The estimated leverage and coverage indicators continued to be robust, with TD/OPBIDTA of 1.3 times and interest coverage of 10.7 times in FY2026. In FY2027, the Group's sales volumes are expected to remain healthy on the back of steady demand anticipated from the end-user industries. However, after the sharp improvement witnessed in sales realisations during Q4 FY2026 and April 2026, steel prices moderated from mid-May 2026 onwards, which may exert some pressure on realisations going forward. As a result, the movement in steel prices in the second half of the current fiscal would be crucial in determining the overall margins of the Group in FY2027. The operating margin is expected to be around 10% in FY2027, resulting in healthy accruals and debt coverage indicators for the Group.

Credit challenges

Exposed to cyclicality inherent in the steel industry – The steel industry is characterised by its inherent cyclicality. This is likely to keep the profitability and cash flows of all the players in the industry, including Real Group, volatile. In the past, margins were impacted owing to fluctuations in raw material costs and steel prices. In FY2026, the moderation in steel realisations compared to the previous fiscal was largely offset by lower raw material costs. Additionally, the commissioning of key facilities at RIEPL enhanced backward integration and supported cost efficiencies, improving OPBDITA/MT to ~Rs. 5,695/MT in FY2026 from Rs. 4,470/MT in FY2025.

Susceptibility of profitability to volatility in raw material prices and price competition - Despite improving raw material coverage, the Group's profitability remains susceptible to volatility in raw material requirements as it is still dependent on external purchases for its iron ore as well as thermal coal requirements. Any large fluctuation in raw material prices is likely to adversely impact profitability.

Liquidity position: Adequate

The Group's liquidity position is likely to remain Adequate. Its cash flow from operations is expected to continue to be healthy at more than ~Rs. 350 crore in FY2027. Such a robust cash flow from operations and sizeable undrawn working capital limits are likely to keep the Group's liquidity adequate. The Group has obligations of Rs. 45-50 crore as long-term loan repayment in FY2027, and its reliance on external debt to fund the capex, if any, would remain limited due to healthy cash flows and financial flexibility of the promoter Group.

Rating sensitivities

Positive factors – ICRA may upgrade the long-term rating if the Group's consolidated revenue and cash flows register a significant growth with an improvement in the profit margins and healthy liquidity position.

Negative factors – Pressure on the ratings may arise if a deterioration in steel demand and realisations affects the Group's revenues and cash accruals significantly. A decline in the company's interest coverage to below 7.0 times on a sustained basis may also trigger a ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of the Group entities (as mentioned in Annexure-II), given the close business, financial and managerial linkages among them.

About the company

API Ispat and Powertech Private Limited (API), incorporated in 2004, was acquired by the Raipur-based Real Group in October 2014 to strengthen the vertical integration within the Group and increase the group's overall capacity. API is a 100% subsidiary of RIPL. The company's plant is located at the Industrial Area, Raipur, Chhattisgarh. At present, the company has facilities for manufacturing sponge iron (210,000 tpa), billet (368,400 tpa), thermo-mechanically treated (TMT) bar/wire rod (4,00,00 tpa) and hard bright (HB) wire (145,250 tpa). API also has CPP of 27 mega watt (MW), out of which 17 MW is based on WHR technology and the balance 10 MW is based on AFBC technology. Currently the company is manufacturing wire rod only from the rolling mill. Furthermore, the company has commissioned a 50 MW solar power plant under API, with an estimated project cost of around Rs 170 crore. RIPL is the flagship company of the Chhattisgarh-based Real Group. SIPPL is a wholly-owned subsidiary of RIPL, while around 100% equity shares of API is held by RIPL. RIPL holds around 25.56% share in ASPL, while ASPL has a shareholding of around 10.03% in RIPL. The Real Group has a total capacity to manufacture sponge iron of 7,50,000 tpa, mild steel billet of 7,68,400 tpa, TMT bar/wire rod of 8,74,718 tpa, steel wires of 2,45,250 tpa along with captive power plants of ~87.5 MW. The Group has also completed a greenfield capex under RIEPL, which is a wholly-owned subsidiary of RIPL.

Key financial indicators (audited)

	Standalone		Consolidated	
API	**FY2025**	**FY2026***	**FY2025**	**FY2026***
Operating income	1806.5	1753.3	3238.6	3808.9
PAT	124.0	181.5	206.8	287.5
OPBDIT/OI	10.3%	12.3%	10.4%	11.4%
PAT/OI	6.9%	10.4%	6.4%	7.5%
Total outside liabilities/Tangible net worth (times)	0.2	0.4	0.4	0.6
Total debt/OPBDIT (times)	0.3	1.0	1.0	1.3
Interest coverage (times)	35.7	18.4	19.7	10.7

*Source: Company, ICRA Research; * Provisional numbers; ^ as per ICRA's estimates; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	August 04, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	134.50	[ICRA]AA- (Stable)	Oct 10, 2025	[ICRA]AA- (Stable)	Oct 10, 2024	[ICRA]AA- (Stable)	Apr 06, 2023	[ICRA]AA- (Stable)
				-	-	-	-	Jul 03, 2023	[ICRA]AA- (Stable)
Unallocated limits	Long term/ Short term	0.50	[ICRA]AA- (Stable)/[ICRA]A1+	Oct 10, 2025	[ICRA]AA- (Stable)/[ICRA]A1+	Oct 10, 2024	[ICRA]AA- (Stable)/[ICRA]A1+	Jul 03, 2023	[ICRA]AA- (Stable)/[ICRA]A1+
Fund-based – Term loan	Long term	26.00	[ICRA]AA- (Stable)	-	-	-	-	-	-
Non-fund based – Letter of credit	Short term	125.00	[ICRA]A1+	Oct 10, 2025	[ICRA]A1+	Oct 10, 2024	[ICRA]A1+	Apr 06, 2023	[ICRA]A1+
								Jul 03, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term –Fund-based working capital limits	Simple
Long term –Fund-based term loan	Simple
Short term – Non-fund based limits	Simple
Long term / Short term unallocated limit	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	Cash credit	-	-	-	134.50	[ICRA]AA- (Stable)	RBI
NA	Term loan	April-2025	-	March-2032	26.00	[ICRA]AA- (Stable)	RBI
NA	Letter of credit	-	-	-	125.00	[ICRA]A1+	RBI
NA	Unallocated limit	-	-	-	0.50	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	API ownership	Consolidation approach
API Ispat and Powertech Private Limited	-	Full consolidation
Shivalay Ispat and Power Private Limited	-	Full consolidation
Real Ispat and Energy Private Limited^	-	Full consolidation

Source: Company

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